

To the Commission,

I would like to voice my opinion on the labor rates paid by insurance companies in the state of Massachusetts.

I am the President of Harr Motor Company in Worcester MA. which represents Harr Toyota, Harr Chrysler Jeep Dodge Ram and Harr Collision Center.

This past year Harr lost the lease on the facility that houses our collision center so I decided to pursue the purchase of a new facility. I spent \$2,000,000 on just the facility that is 17,500 sq ft and sits on 1.5 acres in Worcester. I then began the process of converting the facility to house our new collision center.

After consulting with an architect and contractor I was presented with a budget of \$2,800,000 in order to upfit the building to accommodate vehicle repairs and meet the building codes the city of Worcester requires. I then purchased \$600,000 in new equipment such as paint booths, compressors, a sanding vacuum system, lifts, benches plus more. Most of our previous equipment were very old and required updating.

This makes my total investment \$5,400,000. My point is to start up a new collision center with the equipment required to work on the high-tech vehicles that are being sold today requires a large investment.

It also requires highly trained technicians. Today's technician is no longer someone good at banging out panels, applying some bondo and painting. Today's technician spends hours on training and becoming certified in their field. Some are attending vocational school for a few years before that. Today's vehicles are equipped with sensors, cameras and autonomous features that help with steering and braking. Technicians need to learn all of this in order to properly repair a vehicle back to factory specifications. They are highly educated in their field.

Any industry that requires highly trained employees also requires compensation that matches the skillset. Our average pay rate for technicians and painters is \$34.50 per hour. With the current insurance rate of \$41 per hour we must rely on the times paid for each job and our efficiency to make a profit. We find ourselves constantly arguing with insurance companies to get the appropriate time for repair. A lessor skilled (and lessor paid technician) will take much longer to perform a repair. The issue is a lessor skilled technician is not going to be trained or certified in the repair which puts the customer at risk.

It makes sense to me that repairs should be categorized by light, medium and heavy repair plus a special category for aluminum repair. And such the labor rate should correlate.

In my opinion labor rates should be the following:

Light repair - \$45 per hour (any repair that does not require replacement of body panels)

Medium repair - \$55 per hour (any repair that requires replacement of body panels)

Heavy repair - \$70 per hour (any repair that requires replacement of panels with vehicles equipped with advanced safety features or frame repair)

Aluminum repair - \$90 per hour (equipment and materials associated with aluminum repair are much more expensive)

Certified repair – 15% adjustment to the above rates per hour (many manufacturers are looking for brand specific certified collision centers. This ensures a proper technician who is trained will repair the vehicle certified equipment and use only factory original parts).

Insurance companies for too long have been lobbying to keep insurance rates stagnant to insure their profits. As vehicles become more technology packed and complex, the risk to consumers grows. If repair shops cannot afford to pay for training and equipment, we will start to see shoddy repairs that puts innocent people at risk.

I urge the Commission to consider this information and appreciate the time you are taking to review.

I would be happy to answer any questions or provide backup data if necessary.

Sincerely,

Michael Gross

President

Harr Motor Companies

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